



City of Seattle

Office of City Auditor

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City of Seattle Homeland Security Funding and Liabilities

Prepared by the Office of City Auditor with assistance from the Department of Finance
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Executive Summary

\$85.5 Million Total Costs. Homeland security is evolving into a core City function. Since September 2001, the City of Seattle has received considerable funding from the federal government to support new homeland security efforts. Also, public safety, utility, and general government departments have redirected funds and redeployed City staff to focus on homeland security. We found that between September 2001 and December 2005, the City of Seattle will have spent \$85.5 million on homeland security activities. This report represents the City's first comprehensive attempt to capture the full costs of its homeland security efforts to date.

Tax/Rate Payers Funded Over Half Total Costs (\$45.5 million). Approximately 47% of the total funding for homeland security activities came from grant sources. The City has also relied on significant contributions from its General, Operating, and Capital Improvement (CIP) funds to support its homeland security activities. Combined, City taxpayers and ratepayers have funded \$45.5 million, or 53% of the total homeland security funding.

Three factors contribute to the large share (53%) of new homeland security costs that the City has had to absorb:

- The City's efforts to achieve compliance with post-9/11 guidelines from the federal government, regulatory agencies, and professional organizations.
- The costs of additional ongoing staffing for homeland security, for which there is no federal grant support.
- The costs of physical security enhancements that have been recommended as a result of the City's vulnerability assessments but are not funded by grants.

Ongoing Funding Challenges. The City recognizes the need to address sustainability issues related to its homeland security efforts including ongoing staffing costs and equipment maintenance and replacement.

Background

Seattle's Homeland Security Challenges

Seattle's size, its location and its critical infrastructure present considerable challenges to ensuring homeland security. These challenges are exacerbated by the constraints of a tight City budget.

Large Urban Area. Urban centers, such as Seattle, face the greatest risk of terrorist attack. The federal government uses the following criteria to distribute grant funding:

- current threat estimates,
- critical assets within the urban area, and
- population density.

The city of Seattle comprises 91 square miles, including 193 miles of waterfront. While approximately half a million people live in the City, its population grows to roughly 1.5 million each workday.

Seattle's Critical Infrastructure. The City has a diverse topography with extensive waterways, and it operates and maintains over 150 bridges. This includes three bascule bridges over the Lake Washington Ship Canal and one swing bridge over the Duwamish River. The openings and closings of these bridges have a major impact on commuters and Seattle's maritime industries.

The City's utilities also contribute to the unique characteristics of Seattle's critical infrastructure. The City-operated electric utility, Seattle City Light, serves over 700,000 customers and has a service area of 130 miles. Four large dams with unique security concerns generate 70-75% of the power supply for the City of Seattle.

Seattle's water utility serves over 1,300,000 customers in Seattle and in 25 other cities and districts. Two City-owned watersheds span over 100,000 acres of land and range in elevation from nearly sea-level to 6,000 feet.

Economic Condition. Seattle's general government and public safety functions are supported by its General Fund, which has suffered from a recession in the Puget Sound region that began in 2001.¹ The regional recession led to declines in sales tax and solid waste utility tax revenues, as well as a significant slow-down in the growth of Business and Occupation Tax revenues. Taxes comprise approximately 86% of the revenue in the City's General Fund, and consequently, since 2002, the City has sustained about \$122 million in cuts to its General Fund, including some reductions in public safety.

¹ The region lost 6.7 percent of its jobs between December 2000 and September 2003. During the same time period, the United States as a whole lost only 2.1 percent of its jobs and Washington state lost only about 3.0 percent.

Seattle's Homeland Security Activities Overview

Urban Areas Security Initiative (UASI) Program. The Urban Areas Security Initiative (UASI) Program is one of the federal government's primary terrorism preparedness programs for state and local governments. The program emphasizes terrorism prevention, protection and response activities, providing both resources and support to assist key urban areas nationwide in reducing vulnerabilities and enhancing their capabilities.

In 2003, Seattle was one of seven cities in the nation to receive the UASI I grant that went directly to cities. Seattle/King County was one of 30 urban areas across the country to receive UASI II grants passed through their states, and one of 50 urban areas to participate in the UASI 04 and UASI 05 programs. The Seattle urban area has received \$57.6 million from the four UASI programs, with the City of Seattle receiving \$32.3 million of that amount.

UASI I and II awards to the City totaled over \$21 million. These awards provided necessary equipment and training for first responders in the Police and Fire Departments, as well as equipment, training and infrastructure protection for the DoIT, Seattle Department of Transportation, Seattle City Light, Seattle Public Utilities, Seattle Center, the Department of Planning and Development, Seattle-King County Public Health, and the City's partners at the Washington State Department of Transportation and the University of Washington. DoIT received funds to manage a multi-jurisdictional project to improve electronic communications among Emergency Operations Centers and the executive offices in Seattle, the State of Washington, and King, Pierce, and Snohomish Counties.

The UASI '04 award includes the acquisition of marine vessels for the Police Department and Fire Department.² This award also funded equipment and infrastructure protection for DoIT and the Fleets and Facilities Department, and provided additional support for the UASI II initiative to improve communications among regional Emergency Operations Centers and executive offices. Additionally, the Police Department received resources to develop a curriculum to train elected and appointed officials and senior managers who are responsible for departments' emergency management during an activation of the City's Emergency Operations Center.

Regional Coordination. The UASI grant program required Seattle to create multi-jurisdictional and multi-disciplinary collaborations, including members from contiguous jurisdictions and mutual aid partners. The Urban Area Working Group (UAWG) was created following the award of UASI II to the Seattle Urban Area, which required the State of Washington to administer the grant as the "state-administering agency" (SAA). UAWG membership includes:

City of Seattle (Core member)	Pierce County
King County (Core member)	Snohomish County
State of Washington (SAA)	

These jurisdictions made formal commitments to work together to develop and coordinate efforts for building an enhanced and sustainable capacity to deter, prevent, pre-empt, protect, respond to, and recover from threats or acts of terrorism and Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) events, while supporting and enhancing an all-hazards response capability.

² Funding for one of the fireboats supplements resources approved in Seattle's 2003 Fire Facilities & Emergency Response Levy.

Consistent with federal requirements for homeland security, each jurisdiction initially performed an individual assessment that identified vulnerabilities, capabilities and needs.

In May 2003, the City and its surrounding jurisdictions participated in TOPOFF2, the second of five congressionally mandated anti-terrorism exercises. The 36-hour exercise simulated the emergency response to a “dirty bomb” situation. Over 3,600 people participated including representatives from local state and federal agencies. Seattle also engaged in an exercise that tested how City government information technology networks would respond if attacked.

Organizational Changes. The Chief of Police, Seattle Police Department, established a Technical Assistance Working Group (TAWG). Membership includes representatives from the following:

Seattle Police Department	City Council
Seattle Fire Department	Seattle City Light
Department of Information Technology	Seattle Public Utilities
Seattle Department of Transportation	Fleets and Facilities Department
Office of International Relations	Office of Policy and Management
Department of Finance	Seattle Center
Human Services Department	Department of Parks and Recreation
Seattle-King County Public Health	

The TAWG meets biweekly to coordinate homeland security activities related to the UASI program, recommend funding proposals with UASI grant resources, and monitor the progress of UASI projects.

To better organize for prevention of, protection from, and response to homeland security incidents, the City has reorganized some existing resources to address this emerging City priority. The Seattle Police Department (SPD) transferred officers from other functions within the department to create a Homeland Security Section within its Bureau of Emergency Preparedness. This unit focuses on threats and vulnerabilities of facilities, infrastructure and other key sites in the City. SPD also reorganized internally to expand its incident response capabilities including:

- Creating a Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) Cadre in Seattle and coordinating a regional CBRNE cadre.
- Enhancing the capabilities of Seattle’s bomb and arson squad, tactical support, and harbor patrol.
- Enhancing response capability at high profile events.

In addition, security officer positions have been established in the Seattle Public Utilities, Seattle City Light, Seattle Department of Transportation, and the DoIT.

HLS Costs and Liabilities

Methodology

In December, 2004, data for all relevant City departments was gathered from members of the City's Technical Advisory Working Group (TAWG). The TAWG identified all post-9/11 costs (the projected expenditure amounts for 9/11/01 through 12/31/05) related to their anti-terrorist activities. Information was captured by category of spending and by fund source. The categories of spending are defined as follows:

- **Equipment** such as personal protective equipment for first responders and utility workers, communications equipment such as radios, command vehicles and marine security vessels.
- **Labor** including staff added or reorganized to respond to homeland security, overtime charges and departmental overhead associated with homeland security, and homeland security grants administration.
- **Regional Communications Interoperability** to link Emergency Operations Centers and the business offices of the Mayor of Seattle, Executives of King, Pierce, and Snohomish counties and the Governor.
- **Information Technology** such as interoperable communications equipment and systems that allow for the sharing of data, including associated consultant costs.
- **Security Enhancements** (Infrastructure Hardening) such as enhancements to critical City buildings, bridges and technology systems.
- **Training** such as specialized incident response training for first responders.
- **Exercises** including staff, consulting, and supplies associated with homeland security mobilization and response exercises.
- **Planning** including staff, consulting, and supplies associated with homeland security planning and project management activities.

Data Review. Efforts were made to reconcile the UASI grant amounts to ensure their accuracy. The amounts provided by the departments as General Fund, Operating Fund, or Capital were reviewed in an attempt to ensure completeness. City departments also provided narrative information that described their homeland security activities and identified sustainability issues.

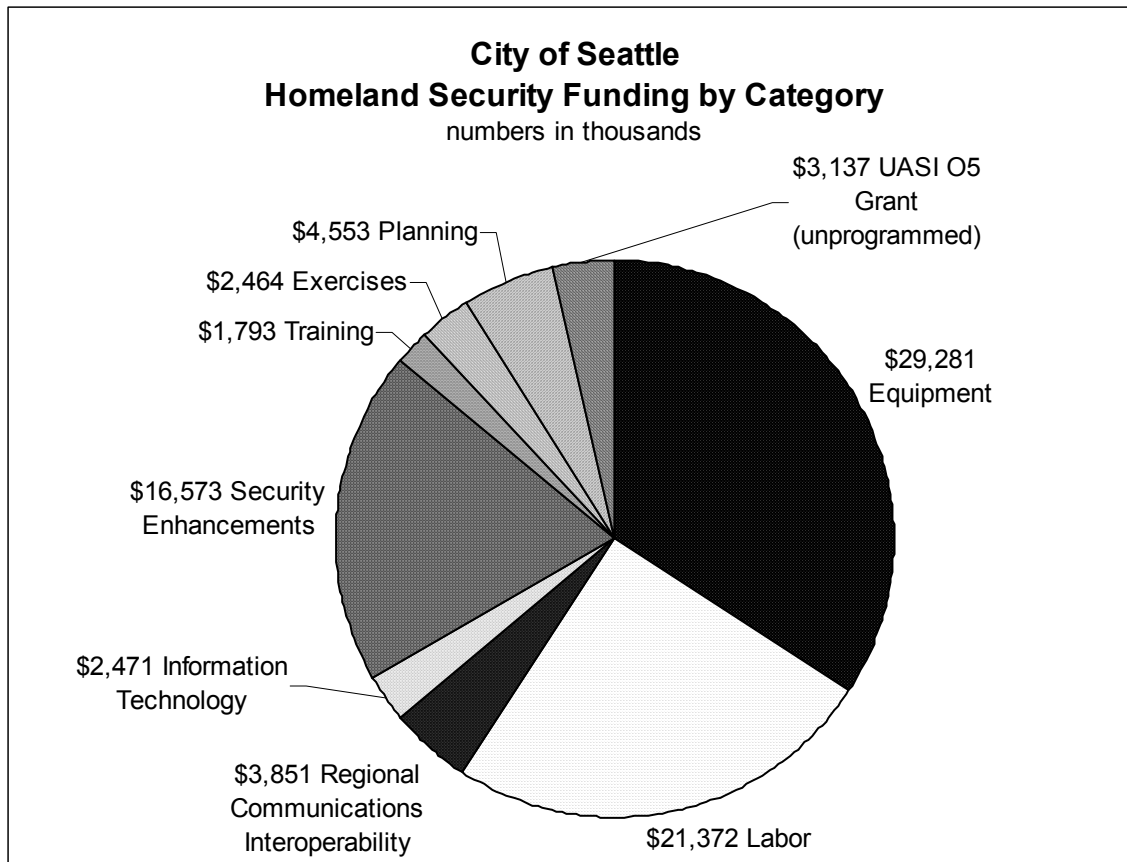
Mix of Specific and Generalized Data. Some reported costs are attributable to specific homeland security activities, while others are reported at a more generalized, program level. An example of the latter is that we assumed that all the activities of SPD's Homeland Security section would not have occurred but for the events of 9/11.

Some Incremental City Costs Not Captured. Some incremental City costs attributable to homeland security efforts were not captured in this report. For example, the Police Department did not estimate costs for additional stadium security required since 9/11; and they did not estimate costs for additional security required for the 2005 Pacific Rim Sports Summit.

Cost Summary Analysis

\$85.5 Million Total Homeland Security Spending. Between September 2001 and December 2005, the City of Seattle will have spent approximately \$85.5 million on homeland security activities. Of that amount:

- \$29 million will support major equipment purchases including police and fireboats, incident response vehicles, specialized security and emergency response equipment, communications equipment, and an audible public warning system.
- Over \$21 million will support additional staff required to operate homeland security equipment, to provide enhanced security for critical infrastructure, and to support terrorism preparedness and response. These labor costs are largely paid for with City funds, and are discussed in more detail below.
- By the end of 2005, the City expects to spend a total of \$16.6 million in post 9/11 security enhancements to its critical infrastructure. This includes new security measures at critical facilities, electronic security systems, and structural enhancements to City facilities.
- Expenditures in the remaining categories, Regional Communications Interoperability, Information Technology, Training, Exercises and Planning total \$15 million.
- An award of \$3.1 million (Seattle share) for UASI '05 was received by the City in December 2004 and has not yet been programmed.



Sources of Homeland Security Funding. Just under half (47%) of the total funding for homeland security activities is from grant sources. The balance, or 53% of the total, has been funded directly by City taxpayers and ratepayers.

Grants. Combined, the four UASI programs represent 38% of the total. The City also received homeland security grants from other sources, including, but not limited to State Homeland Security Grants³ (SHSG), Environmental Protection Agency (EPA), Department of Justice, Metropolitan Medical Response System (MMRS)⁴, and Washington State Emergency Management. Grants and reimbursable activities totaled \$7.6 million and represent 9% of the City's total homeland security funding.

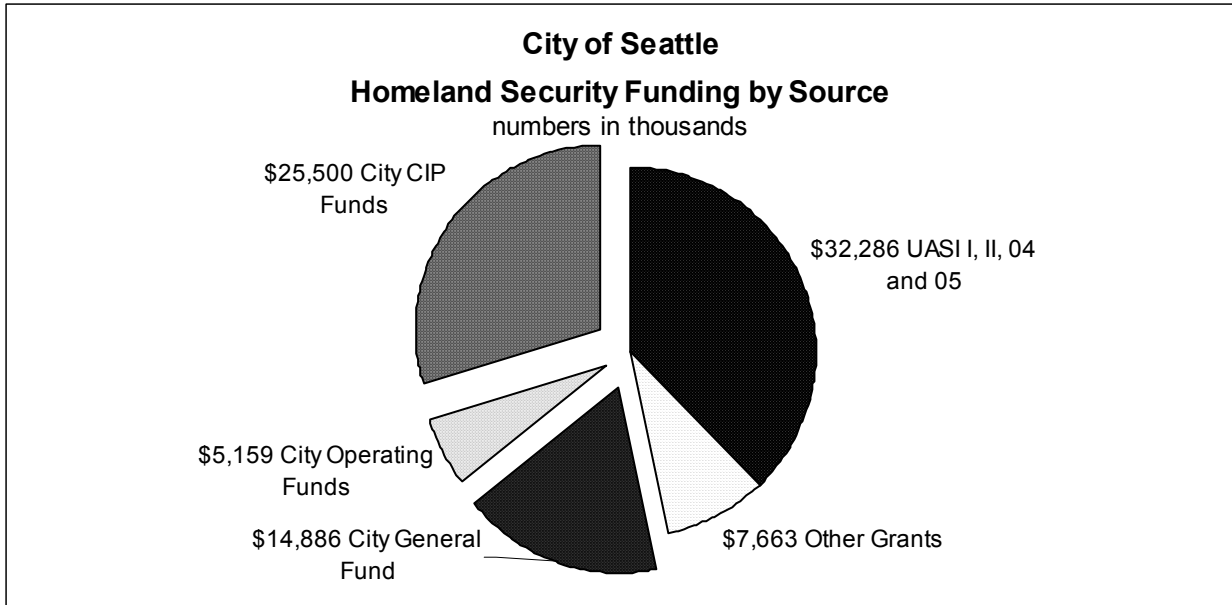
City Sources. The City relies on significant contributions from its General, Operating, and Capital Improvement Program (CIP) funds to support its homeland security activities. Combined, these City sources represent over \$45.5 million, 53% of the total homeland security funding. City taxpayers have assumed \$14.9 million in new homeland security costs for the General Fund since 2001. During the last four budgets, the City's General Fund has faced a gap of approximately \$122 million. Therefore, the City has had to shift resources from other General Fund programs to cover these new homeland security costs. Taxpayers absorbed an additional \$11.5 million in capital costs for homeland security funded through the 2003 Fire Levy.⁵

City utility ratepayers have also assumed a significant portion of homeland security costs. Seattle City Light ratepayers have paid costs for new security measures totaling \$5.4 million, representing \$2.2 million in operating fund expenditures and \$3.2 million in capital costs. Seattle Public Utility ratepayers have paid \$1.3 million in operating fund expenditures and \$10.3 million in capital costs.

³ administered by the Department of Homeland Security Office of Domestic Preparedness

⁴ administered by the Department of Homeland Security Directorate of Emergency Preparedness and Response

⁵ CIP funded expenditures from all sources total \$25.5 million.



Financial Liabilities for the City's General, Operating, and Capital Funds

Three factors contribute to the large share (53%) of new homeland security costs that the City has had to absorb:

- The City's efforts to achieve compliance with post-9/11 guidelines from the federal government, regulatory agencies, and professional organizations.
- The costs of additional ongoing staffing for homeland security, for which there is no federal grant support.
- The costs of physical security enhancements that have been recommended as a result of the City's vulnerability assessments but are not funded by grants.

Compliance with Guidelines. City departments identified the following organizations that have promulgated new homeland security guidelines for which there are no grant sources currently available to achieve compliance with these guidelines:

- North American Electric Reliability Council (NERC)
- Federal Energy Regulatory Commission (FERC)
- National Institute for Occupational Safety and Health (NIOSH)
- National Fire Protection Association (NFPA)
- FBI Hazardous Devices protocols

Labor. City departments identified additional ongoing staffing for homeland security efforts. Labor costs that are not covered by grants total over \$17.5 million since 9/11. They include:

- Police Department's new Emergency Preparedness Bureau

- Enhanced security at large public gatherings and events with wide media coverage
- Enhanced Police monitoring of vulnerable sites throughout the city
- Police's explosive detection canine team
- Enhanced watershed and utility security
- Information Technology (IT) staff to monitor cyber intrusions, and to operate and maintain homeland security IT systems and networks.
- Enhanced security at Seattle Center (public events, public entertainment facilities)

Security Enhancements. Grants from federal agencies including the Department of Homeland Security and the Environmental Protection Agency provided funds for the City to conduct vulnerability assessments of City operations and critical infrastructure. Many vulnerabilities have been addressed with grant-funded improvements to the City's critical infrastructure. However, due to the prohibition of using UASI funding for capital projects, eight City departments indicated that they have infrastructure needs for which grant funds are not available.

In addition, the City's recent Fire Levy will fund a portion of one of the two new homeland security fireboats (the balance is funded by UASI 04), as well as emergency supplies, water and power for community centers.

Sustainability Issues

Homeland security is evolving into a core City function. Sustaining this level of effort presents funding challenges that the City recognizes (See Appendix 2 City of Seattle, Department of Finance, Statement on Sustainability of Homeland Security Activities).

Departments have identified sustainability issues related to homeland security activities including:

- Maintaining security staffing that is currently grant-funded
- Labor costs and other costs associated with operating and maintaining grant-funded equipment and vehicles
- Eventual replacement of grant-funded equipment, vehicles, and supplies
- Maintaining homeland security unit in the Seattle Police Department
- Maintaining heightened responses by police and fire personnel to public gatherings and events that could present a threat of terror
- Administering homeland security grants
- Additional costs associated with potential new or emerging homeland security threats.

Appendix 1

Citywide Homeland Security Expenditure Summary

(numbers in thousands)

Category	UASI I, II, 04	UASI 05	Other Grants	General Fund	Operating Fund	CIP Fund	Total All Sources 9/11/01- 12/31/05
Equipment	\$16,287		\$1,052	\$247	\$142	\$11,553	\$29,281
Labor	\$835		\$2,982	\$14,270	\$3,024	\$260	\$21,372
Regional Communications Interoperability	\$2,937		\$375	\$125	\$410	\$4	\$3,851
Info Tech	\$2,431				\$40		\$2,471
Security Enhancements	\$1,747		\$328	\$68	\$747	\$13,683	\$16,573
Training	\$346		\$1,027		\$420		\$1,793
Exercises	\$1,100		\$1,309	\$15	\$40		\$2,464
Planning	\$3,466		\$590	\$161	\$336		\$4,533
UASI 05 (unprogrammed)		\$3,137					\$3,137
Total All Categories	\$29,150	\$3,137	\$7,663	\$14,886	\$5,159	\$25,500	\$85,495

Appendix 2

City of Seattle, Department of Finance, Statement on Sustainability of Homeland Security Activities

February 3, 2005

The opportunities presented by the homeland security grant funding have brought with them the challenge of sustaining the new initiatives over time. Sustainability issues raised by the grant spending have been identified as maintaining the security staffing that was initiated for SCL and SDOT and operating, maintaining and replacing equipment and vehicles that have been purchased with grant money. In addition, there is the challenge of managing within budgeted resources while maintaining heightened responses by police and fire personnel to public gatherings and events that could present a threat of terror.

One of the City's conditions of funding new positions with UASI resources was that the grant would be used as one-time seed money for a position, thus allowing sufficient time for the departments to build the ongoing costs into their budgets. While the two positions in SCL and SDOT are the only ones that have been supported with UASI resources, all departments involved in this study may identify additional staffing needs as the new security operations learn more about the vulnerabilities in their departments. The grant management positions are the exception to the rule of funding only start-up staffing costs, as one or both will continue to be funded from UASI resources until the City's program administration needs have ended.

Most of the equipment that has been obtained is subject to normal depreciation, will require regular maintenance and must eventually be replaced. Some departments that bought large stocks of equipment are creating lifecycle cost models and developing sustainability formulas. Departments are also identifying ongoing operations and maintenance costs for information technology equipment. The sources of funding needed to support these costs are as varied as the departments that have acquired the equipment. The utilities will build these costs into their revenue requirements, those departments with access to flexible grant resources may be able to support these costs at least temporarily through those means, while the general government departments are likely to put these costs in competition for General Fund resources. General Fund has already been budgeted for operation and maintenance of police and fire IT projects in the 2005-2006 biennium, but it is likely that some costs to sustain UASI-purchased equipment will be absorbed within departments' ongoing budgets.

Sustainability is an issue that must remain at the forefront of managing these grant resources. Nevertheless, lack of an identified future funding source to replace important grant-purchased security needs has not stood in the way of preparing City departments with equipment and technology that will help to protect and respond to their identified vulnerabilities.